

GOVERNMENTAL OPERATIONS

Agency 160

Office of Insurance Commissioner

Recommendation Summary

Dollars in Thousands

	Annual FTEs General Fund State	Other Funds	Total Funds
2005-07 Expenditure Authority	210.4	43,103	43,103
Total Maintenance Level	215.4	43,117	43,117
Difference	5.0	14	14
Percent Change from Current Biennium	2.4%	0.0%	0.0%
Performance Changes			
Market Conduct Oversight Program	2.3	464	464
Reviewing More Benefit Contracts	1.0	183	183
Expand e-Commerce Opportunities	2.0	1,766	1,766
Revise Pension Gain-Sharing #		(99)	(99)
Nonrepresented Staff Health Benefit		41	41
WFSE Collective Bargaining Agreement		2,554	2,554
Nonrepresented Staff Salary Change		499	499
Subtotal	5.3	5,408	5,408
Total Proposed Budget	220.7	48,525	48,525
Difference	10.3	5,422	5,422
Percent Change from Current Biennium	4.9%	12.6%	12.6%
Total Proposed Budget by Activity			
Agency Administration	40.0	8,106	8,106
Monitoring Insurance Company Solvency	60.3	11,139	11,139
Investigations and Enforcement	11.0	1,993	1,993
Consumer Information and Advocacy	28.0	5,881	5,881
Health Insurance Benefit Advisors	15.0	4,185	4,185
Policy and Enforcement	25.5	6,171	6,171
Agents and Brokers Licensing and Education	11.0	1,510	1,510
Regulation of Insurance Rates and Forms	30.0	5,834	5,834
Other Statewide Adjustments		3,706	3,706
Total Proposed Budget	220.7	48,525	48,525

PERFORMANCE LEVEL CHANGE DESCRIPTIONS

Market Conduct Oversight Program

The 2006 Supplemental Budget authorized the Insurance Commissioner to begin implementation of the Market Conduct Oversight Program, which regulates insurance products sold in the state. Increased appropriation authority is provided to fully implement the program. (Insurance Commissioner's Regulatory Account-State)

GOVERNMENTAL OPERATIONS

Reviewing More Benefit Contracts

All health care benefit contracts sold in the state must be filed with, and accepted or approved by, the Office of Insurance Commissioner (OIC). In Fiscal Year 2006, OIC experienced a 47.5 percent increase in the number of filings from the previous fiscal year. The increase is attributable to recent changes in state and federal laws permitting new types of insurance products to be offered. In anticipation of further increases in contract filings and the introduction of additional insurance products, OIC will hire an additional staff person to address the workload increase. (Insurance Commissioner's Regulatory Account-State)

Expand e-Commerce Opportunities

The Office of Insurance Commissioner is given authorization to complete a project to improve services by expanding e-commerce opportunities and increasing public access to insurance information. OIC is in the process of migrating all major computerized applications and data repositories to a modern platform, replacing its legacy HP3000 computing system. The new system will enable insurance agents and companies to apply for and renew licenses, access tax and fee billings, pay premium taxes, and report required medical malpractice statistical data. Staff will be able to create reports from insurance data and respond more quickly to requests for information. (Insurance Commissioner's Regulatory Account-State).

ACTIVITY DESCRIPTIONS

Agency Administration

The Office of the Insurance Commissioner (OIC) is responsible for regulating the insurance industry in Washington State. The activities of the OIC are primarily funded by fees from insurance organizations. Agency management develops policies, regulations, and codes to ensure that the citizens of Washington are able to access affordable insurance; it also provides the administrative support necessary for other divisions within the agency to carry out their functions. (Insurance Commissioner's Regulatory-State)

Monitoring Insurance Company Solvency

This activity protects consumers by monitoring the solvency of insurance carriers, health care service contractors, health maintenance organizations, and certified health plans authorized to conduct business in Washington State. Solvency issues may be identified through market conduct examinations, financial examinations, or financial analysis of statements filed by insurers. If increased monitoring and the insurer's response do not result in an improvement of the solvency issues, the Insurance Commissioner may petition the Superior Court for a rehabilitation order. Upon entry of a rehabilitation order, the insurer's management is suspended, and the Insurance Commissioner and his staff, as officers of the court, manage the insurer's operations. If rehabilitation is deemed unlikely, the court may order the insurer liquidated. The Insurance Commissioner continues to manage the operations of the insurer until liquidation is complete. (Insurance Commissioner's Regulatory-State)

Investigations and Enforcement

Staff investigate and act upon violations of laws and rules regarding sales and marketing practices, account standards, and related matters. Staff also assist consumers with problems involving insurance sales or marketing practices by agents, brokers, or insurers. (Insurance Commissioner's Regulatory-State)

Consumer Information and Advocacy

Staff respond to oral and written complaints and inquiries from consumers regarding insurance companies, and act as an advocate when appropriate. Assistance is rendered to enforce the various provisions of the insurance code and is based on authority to take disciplinary action against an insurance company and other licensees. The unit's primary function is to ensure that consumer rights have not been violated. Staff also provide information to help consumers make educated decisions about insurance purchases. (Insurance Commissioner's Regulatory-State)

Health Insurance Benefit Advisors

The Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine is a statewide network of trained volunteers who educate, assist, and advocate for consumers regarding health insurance and health care access issues. (Insurance Commissioner's Regulatory-State)

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Policy and Enforcement

Staff handle enforcement actions against insurance companies, health carriers, and others; provide information and counsel to other agency divisions; and support the public policy activities of the agency. (Insurance Commissioner's Regulatory-State)

Agents and Brokers Licensing and Education

Staff involved in this activity issue and renew licenses for agents, brokers, solicitors, adjusters, viatical settlement brokers, and others. Staff also administer continuing education requirements. (Insurance Commissioner's Regulatory-State)

Regulation of Insurance Rates and Forms

Staff review and approve the complex actuarial formulas, assumptions, and experience data submitted as part of a proposed rate filing to ensure that rates are neither excessive, inadequate, or unfairly discriminatory. Timely and accurate review is necessary to ensure the financial viability of the insurance company, as well as protecting Washington citizens from overcharges. Policy forms are reviewed to ensure that the terms and conditions of the insurance contract comply with state and federal laws prior to being sold in Washington. (Insurance Commissioner's Regulatory-State)

Other Statewide Adjustments

This item reflects proposed compensation and other adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.